

FOUNDATION FOR FAIR CONTRACTING OF CONNECTICUT, INC.

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Government Administration and Elections Committee
Public Hearing

March 17, 2014

Re: SB 454 - *An Act Increasing The Transparency Of General Bids For State Contracts*

Sen. Musto, Rep. Jutila, Sen. McLachlan, Rep. Hwang and members of the Government Administration and Elections Committee,

The Foundation for Fair Contracting of Connecticut (FFC) is a non-profit organization created by labor and management in order to monitor all public works construction projects covered under the Connecticut General Statutes Section 31-53 and the Davis-Bacon Act. We accomplish this by reviewing public documents prepared and/or submitted by the owner and contractor(s). We focus on licensing, proper payment of prevailing wage rates, proper classification of workers and properly administered state apprenticeship standards.

The FFC fully supports and urges the passage of SB 454 "*An Act Increasing The Transparency Of General Bids For State Contracts*".

What SB 454 aims to do is create more transparency in the way our state projects are bid out. Raised bill 454 creates more opportunities for our lower tiered subcontractors to bid and be awarded work, and lowers the cost of public construction for our state.

It is no secret that the act of bid shopping runs rampant in public construction. Apart from bid shopping being illegal and a barrier for small and minority owned businesses to compete, bid shopping also balloons bids. Right now, subcontractors are forced to increase their bid price in anticipation of being shopped out by the general contractor or prime contractor – whoever holds the package to which the subcontractor is bidding to. By creating more transparency in our bid process, the State is less likely to have to deal with mark-ups by prime contractors in the original bids, and they would see a decrease in change orders throughout the project. Additionally, and more importantly, a break down in packages would relieve stress on our subcontractors. Our SBEs, MBEs and WBEs would ultimately feel more comfortable bidding with their best and truest number up front rather than having to balloon that number knowing that they will be shopped out. Further, we believe that SB 454 would not increase the number of bid protests. In fact, if subcontractors felt more comfortable bidding their true number up front, we believe that over time DAS would see a significant drop in the number of bid protests they see today.

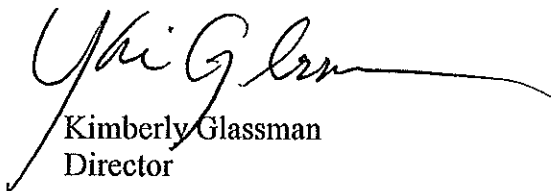
More transparency will allow the State to clearly define which contractor(s) are responsible for maintaining and providing documents. If the Department of Labor needed to know who was

installing the drywall at a technical school, the Department of Administrative Services would not have that information, nor would they have the contract or bid documents, assuming there are bid documents. What would happen now is the DOL would call DAS for that information. DAS would place a call to the Construction Manager At-Risk (CMR) or to the General Contractor (GC). The CMR or GC would then have to call the prime contractor who would then contact the drywall company. We would hope that a contract exists between the prime contractor and the drywall company. Additionally, we would hope that there was a bid for the work and that the correct rates were posted in those bid documents. But this is rarely the case. A break down in bid packages would undoubtedly make it easier for State agencies (like the Department of Labor, Department of Consumer Protection and Department of Revenue Services) to address issues involving wage violations, worker misclassification, independent contracting, licensing issues, payroll tax fraud and apprenticeship standards. By requiring the disclosure of the lower tiered subcontractors, SB 454 provides state agencies more leverage in enforcing the laws. The DOL would better be able to determine wage and hour violations or workers compensation abuses since the bid package would require that all the companies taking part in a particular project be identified during the bid process.

SB 454 should not significantly increase any administrative burdens on DAS. This bill does not propose that the subcontractor's bids go to DAS. The subcontractors would still be contractually bound to the prime contractors, or to whoever holds the package. But when a CMR or GC submits their bid to the state, all subcontractors would have to be listed with their final price. No longer can this State afford to pay for unnecessary mark-ups that simply pad the wallets of GCs and prime contractors. No longer can we ignore the flagrant and unbridled bid shopping that destroys the integrity of our public construction industry. And no longer can we talk about creating opportunities for smaller and minority owned contracting companies when collusion and ballooning bids make it impossible for them to even compete.

We recognize that DAS may offer proposed substitute language changes. We are open to working with this committee and DAS to come up with stronger language. Ultimately, we are after more transparency and an eradication of bid shopping. We look forward to continue working with this committee to create a bill that brings us to that result.

Respectfully Submitted,



Kimberly Glassman
Director